United Nations A/53/7/Add.3

General Assembly

Distr.: General
29 September 1998

Original: English

Fifty-third session
Agenda item 113
Proposed programme budget for the biennium 1998–1999

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

Fourth report: administrative arrangements for the International Trade Centre UNCTAD/WTO

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/52/25) and the note by the Secretariat (A/C.5/52/45) on administrative arrangements for the International Trade Centre UNCTAD/WTO. The report of the Secretary-General provides a historical overview of the International Trade Centre (ITC) and outlines the proposals for revised administrative and budgetary arrangements for review, approval, administration and reporting on the implementation of the programme budget of ITC. The texts of relevant agreements on administrative and financial arrangements for ITC are reproduced in the note by the Secretariat. During its consideration of this matter, the Advisory Committee met with representatives of the Secretary-General and of the International Trade Centre. In the spring of 1998, at Geneva, the Advisory Committee also exchanged views with the Chairman and former Chairman of the Committee on Budget, Finance and Administration of the World Trade Organization (WTO) and with the secretariat of WTO and ITC.

2. As indicated in paragraph 1 of the report of the Secretary-General (A/C.5/52/45), the General Assembly, in its resolution 52/220 of 22 December 1997, noted with concern that the arrangements entered into by the Secretary-General with the Director-General of the World Trade Organization in the exchange of correspondence of September 1995 (E/1995/125, annexes I and II) had not yet been transmitted to the General Assembly. In this connection, the General Assembly considered that the agreement between the secretariats of the United Nations and the former General Agreement on Tariffs and Trade (GATT) was still in force until the Assembly reviewed the agreement between the United Nations and WTO.

3. The joint operation of ITC by GATT and UNCTAD was approved by the General Assembly in resolution 2297 (XII) of 12 December 1967 and by the Contracting Parties to GATT. The sponsoring organizations, GATT and UNCTAD, provided overall direction to ITC through the UNCTAD/GATT Advisory Group, membership of which was open to the Contracting Parties to GATT and States Members of the United Nations. Under those arrangements, the United Nations and GATT contributed equally to financing the regular budget of ITC. GATT dealt with administrative and financial matters, and ITC accounts were audited by GATT external auditors (A/C.5/52/25, para. 3).

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4. The legal status of ITC vis-à-vis the United Nations was reviewed in 1973 and 1974 and new administrative and financial arrangements for ITC were agreed upon between the secretariats of the United Nations and the former GATT and reported to the General Assembly. Under the 1974 agreement, ITC is a subsidiary organ of both the United Nations (acting through UNCTAD) and GATT (A/C.5/52/25, para. 4, and A/C.5/52/45, attachments I and II).

5. In accordance with the 1974 agreement on ITC, the Centre applies the Staff Regulations and Staff Rules and the Financial Regulations and Rules of the United Nations, makes use of the support services of the United Nations Office at Geneva, has its accounts certified by the United Nations Controller, audited by the United Nations Board of Auditors and reported to the General Assembly and the GATT Council. Since 1995, the responsibilities of GATT have been taken over by WTO.

6. On 3 April 1995, the WTO General Council requested its secretariat to negotiate with the United Nations Secretariat for revised budgetary arrangements with regard to ITC.

7. On 29 September 1995, in an exchange of letters on relations between the United Nations and WTO, the Secretary-General of the United Nations and the Director-General of WTO agreed, *inter alia*, that the arrangements and practices described in the United Nations General Assembly document of 9 March 1976 (A/AC.179/5) in respect of the United Nations/GATT relationship provide a suitable basis to continue to guide relations between the United Nations and WTO. With respect to ITC, it was agreed to recommend to the responsible intergovernmental organs that present arrangements governing the status of ITC as a joint body be confirmed and renewed with WTO, subject to revised budgetary arrangements as called for by the General Council of WTO (A/C.5/52/45, attachment VI). The recommendations of the Executive Heads was noted by the Economic and Social Council in its decision 1995/322 of 12 December 1995 (A/C.5/52/45, attachment VII).

8. The Advisory Committee notes from paragraph 9 of document A/C.5/52/25 that the revisions of budgetary arrangements called for by the General Council of WTO could be implemented through a series of administrative and technical measures without affecting the policy provisions of the 1974 agreement.

9. In paragraphs 10-12 of document A/C.5/52/25, the Secretary-General proposes new arrangements governing the preparation, review and approval of the ITC budget. Should the General Assembly agree with the proposed approach, the Secretary-General recommends, in paragraph 13 of document A/C.5/52/25, that the General Assembly invite the General Council of WTO to accept the proposed arrangements and timetable for the review and approval of the proposed programme budget of ITC and related budget performance reports.

10. Attachment VIII to document A/C.5/52/45 shows in tabular form the changes proposed by the United Nations on the arrangements concerning the ITC budgetary process and the differences of revised arrangements proposed by WTO and the United Nations. The Advisory Committee notes that, as indicated in paragraph 7 of document A/C.5/52/45, WTO is of the view that the proposals put forward by the Secretary-General in his report (A/C.5/52/25) did not fully address the concerns of WTO.

11. The Advisory Committee is of the view that the current ITC budgetary process and the proposals put forward by the Secretary-General in his report (A/C.5/52/25) do not fully address the need for simplified arrangements, including those called for by the General Council of WTO. Recognizing the special situation of ITC, the Advisory Committee believes that simplified arrangements should be put in place which both respond to the concerns of WTO, as indicated by its General Council in 1995, and retain the role of the United Nations in the financial administration of the Centre. In the view of Committee, starting with the programme budget for the biennium 2000–2001, a simplified procedure could take the following into account:

(a) In May of the year preceding the United Nations financial period, ITC would submit, through the Advisory Committee, to the General Assembly its budget outline for the first year of activities for the coming biennium with a projection of requirements for the second year. The annualized requirements would be presented in Swiss francs (this would conform with the WTO budget process). On the basis of the recommendations of the Advisory Committee, the General Assembly in the spring of that year would approve in Swiss francs the level of the ITC outline for the biennial period concerned. An initial fascicle of the United Nations proposed programme budget based on that outline would be presented to the General Assembly in United States dollars as part of the overall submission of the proposed programme budget, using the same rate of exchange as used for the proposed programme budget as a whole;

(b) Simultaneously, ITC would submit its outline in Swiss francs to the Committee on Budget, Finance and Administration of WTO for its approval;

© Taking into account the legislative decisions of the United Nations and WTO, ITC would submit its

proposed programme budget to the General Assembly and to the General Council of WTO in the autumn of the year preceding the United Nations financial period. The submission to the General Assembly would be in the form of a revised fascicle of the proposed programme budget of the United Nations. To this effect, the United Nations Secretariat through its Budget Division would continue to provide the necessary support to ITC;

(d) The proposed programme of work of ITC would be reviewed by the intergovernmental bodies concerned;

(e) ITC would continue to submit its annual budget proposal in Swiss francs to WTO, in accordance with the established procedures for submission and reporting of the WTO budget and taking into account the approved level of the United Nations share for the ITC budget;

(f) The ITC accounts would continue to be administered by the United Nations, and the ITC financial statements would continue to be certified and reported to the General Assembly and the General Council of WTO by the Controller of the United Nations. The activities of the Centre would continue to be subject to internal audit and oversight by the Office of Internal Oversight Services of the United Nations Secretariat. The related findings would continue to be reported by the Secretary-General to the General Assembly and to the General Council of WTO. The United Nations Board of Auditors would continue to audit ITC accounts and activities, and its findings would continue to be transmitted to the General Assembly, and by the Secretary-General to the General Council of WTO.